EXPLANATORY MEMORANDUM TO

THE UNIVERSAL CREDIT, PERSONAL INDEPENDENCE PAYMENT, JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE (CLAIMS AND PAYMENTS) (AMENDMENT AND MODIFICATION) REGULATIONS (NORTHERN IRELAND) 2025

S.R. 2025 No. 73

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 This Statutory Rule is made under sections 5(1)(q) and (5) and sections 165(1), (4) and (5) of the Social Security Administration (Northern Ireland) Act 1992 and sections 15(1) and 60(2) of the Justice Act (Northern Ireland) 2016 and is subject to the negative resolution procedure.

1.3 This Statutory Rule includes a "sunset clause" and regulation 3 of this Rule will cease to have effect on 30th April 2026 at midnight.

2. Purpose

2.1 In the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations (Northern Ireland) 2016 ("the 2016 Regulations") there is a regulated priority order (referred to in regulations as, "priority as between certain debts") which determines the order in which certain third-party debts and certain benefit debts are taken from a claimant's Universal Credit award.

2.2 This Rule amends the existing priority order to move fines in the regulated priority order to maintain parity with the equivalent legislation for Great Britain (The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013).

2.3 This Rule will also temporarily modify Schedule 5, paragraphs 5(2) and 5(4) of the 2016 Regulations to move the child support maintenance deductions to first place in the regulated priority order, meaning that it will be the first named provision in the regulated priority order.

3. Background

3.1 In the Autumn 2024 Budget, the UK Government announced that it will reduce the level of debt repayments that can be taken from a household's Universal Credit award each month. This will be done by reducing the overall deductions cap from 25% to 15% of a claimant's Universal Credit standard allowance. This will be known as the "Fair Repayment Rate" measure and will be introduced from 30th April 2025. The "Fair Repayment Rate" will enable more Universal Credit households, with deductions, to retain more of their award to meet their day-to-day needs.

3.2 In addition to the "Fair Repayment Rate" measure, the UK Government made a commitment to move the child support maintenance deductions higher up in the

regulated priority order of deductions that can be taken from a claimant's Universal Credit award. This commitment will align with the date the "Fair Repayment Rate" is introduced, meaning that it will come into operation on 30th April 2025.

3.3 The current regulated priority order is set out at paragraph 5(2) of Schedule 5 to the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations (Northern Ireland) 2016.

3.4 If the "Fair Repayment Rate" measure was implemented without the legislative change to move the child support maintenance deduction higher up the regulated priority order, this would lead to a reduction in the number of child support maintenance deductions made per month. This is because currently the child support maintenance deduction is positioned lower down the regulated priority order.

3.5 Moving the child support maintenance deduction higher up the regulated priority order, will help, in part, to ensure that the number of child support maintenance deductions made per month will not decrease when the overall deductions cap is set at 15% of a claimant's Universal Credit standard allowance, from 30th April 2025.

3.6 Moving the child support maintenance deduction to be the first named provision in the regulated priority order, would not, in itself, fully protect the current number of child support maintenance deductions being made per month. This is because deductions, such as fraud penalties and repayment of Universal Credit Advances, are taken before the regulated priority order is applied. Therefore, for some Universal Credit households, the overall deductions cap of 15% will have already been reached prior to the child support maintenance deduction that needs to be made.

3.7 In the light of paragraph 3.6, the Department for Communities has deemed it necessary, where applicable, to also allow for the child support maintenance deduction to be made, even if this would result in the overall deductions cap of 15% being exceeded. This approach will ensure that, at least, the current number of child support maintenance deductions made per month is fully maintained.

3.8 The decision to exceed the overall deductions cap of 15%, in respect of a deduction for child support maintenance, does not require a regulatory change. This is because when the child support maintenance deduction is the first deduction in the regulated priority order, the regulated "maximum amount" of 40% of a claimant's Universal Credit standard allowance will not be exceeded when the child support maintenance deduction is taken (see paragraph 4(1) of Schedule 5 to the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations (Northern Ireland) 2016 for "maximum amount").

3.9 This Statutory Rule will temporarily modify the regulated priority order for a period of one year, via a "sunset clause" from 30th April 2025. Prior to the modification ceasing to have effect on 30th April 2026 at midnight, the Department for Work and Pensions will consider if child support maintenance deductions will remain in their revised position on a permanent basis. The Department for Communities will continue to engage with the Department for Work and Pensions in relation to the placement of child support maintenance deductions in the priority order post the cessation date.

3.10 The Department for Communities encourages anyone struggling to repay debts via their benefit award to contact Universal Credit via their Universal Credit online account or by calling the Universal Credit helpline at the earliest opportunity. The Department seeks to do as much as they are permitted to do to support claimants.

4. Consultation

4.1 As the Regulations make, in relation to Northern Ireland, only provision corresponding to provision contained in Regulations made by the Secretary of State for Work and Pensions in relation to Great Britain, consultation with the Social Security Advisory Committee was not required.

4.2 A public consultation is not required as these Regulations merely implement a legislative amendment to reflect an agreed policy change.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations and has concluded that they do not have significant implications for equality of opportunity or good relations. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 These Regulations do not require a Regulatory Impact Assessment as there is no, or no significant, impact on costs to business, charities or voluntary bodies.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that the Rule complies with that provision.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain instrument is the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025 which will come into force on 30th April 2025.

10.2 In line with the long-standing policy of parity in social security, the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Amendment and Modification) Regulations (Northern Ireland) 2025 will come into operation on 30th April 2025. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for in section 87 of the Northern Ireland Act 1998.

11. Additional Information

11.1 Internal guidance for staff at the Department for Communities will be updated to take account of these changes.